

PIH-REAC REVERSE AUCTION PROGRAM

For help at any time during the Reverse Auction Program (RAP) and the Physical Assessment Subsystem (PASS) inspection process, please consult the following resources:

PIH-REAC RAP Website	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours
RAP Email Address	REACReverseAuctionProgram@HUD.GOV	24 Hours
PIH-REAC Technical Assistance Center (TAC)	1(888) 245-4860	Monday thru Friday 8 AM – 7 PM
Global eProcure Website Vendor Help Desk*	1(732) 382-6565	Monday thru Friday 9 AM – 9 PM
Reverse Auction Business Rules	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours
Purchase Order Terms and Conditions	http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm	24 Hours

*The Website Help Desk is provided by Global eProcure, an independent website vendor. Access to this website is restricted to RAP participants who are HUD approved.

FREQUENTLY ASKED QUESTIONS

I. About the Reverse Auction Program

Q1. What is the Reverse Auction Program?

The Office of Public and Indian Housing Real Estate Assessment Center (PIH-REAC) has initiated the Reverse Auction Program (RAP), which changes the method by which HUD procures physical property inspections. The RAP is a process of securing inspection services for HUD-assisted housing. The reverse auction is conducted with the use of a reverse auction website provided by an independent vendor. The following are characteristics of the RAP:

- Contractors bid on property inspections throughout the nation, including Puerto Rico, U.S. Virgin Islands, and Guam;
- Purchase order awards are made to the lowest, eligible contractor at the close of the auction;
- Contractors then schedule and conduct the inspection in accordance with Uniform Physical Condition Standards (UPCS) protocol;
- Once the inspection is reviewed by PIH-REAC, payment is authorized in accordance with payment terms;
- Payment is made electronically to the contractor's vendor account.

Q2. Where can I get information about the RAP?

- REAC RAP website - http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm
- Reverse Auction Program email address - REACReverseAuctionProgram@hud.gov
- Technical Assistance Center (TAC) - 1(888) 245-4860
- Global eProcure (reverse auction website vendor) – 1(732) 382-6565

Q3. Can current UPIC contractors participate?

Yes. However, participation in the reverse auction is limited to small businesses that meet the small business size standard for the North American Industry Classification System (NAICS) code 541350, which is \$6 million in average annual receipts. For information on how to calculate average annual receipts of a business can be found in 13 CFR 121.104 at <http://www.sba.gov/banking/policy/regs/121a.html>.

Q4. How often is the Reverse Auction Program offered?

Reverse auctions are held at least once every quarter and as many times as necessary to satisfy HUD's requirements for inspections.

Q5. Will I be notified of each upcoming reverse auction?

Yes, an email notification about upcoming reverse auctions will be sent to all eligible contractors. For new participants, dates and details for upcoming auctions can be found on http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q6. What is the “M ID” or “I ID”?

An “M ID” is assigned to inspectors upon completion of the REAC UPCS training program. All UPCS-certified inspectors have an M ID. This ID allows inspectors to schedule, download, and upload inspections. (Refer to the REAC Training website for information on how to become a certified inspector.) If a contractor cannot access HUD’s Secure Systems with the assigned M ID, please contact the TAC at 1(888) 245-4860.

An “I ID” (independent user) is available to contractors that are not inspectors. The I ID is registered to an individual and/or representative of an organization and will allow the contractor to schedule inspection work to inspectors with an active M ID. If you would like to request instructions on how to register for an I ID, please contact the TAC at 1(888) 245-4860.

Q7. What is the difference between a contractor and an inspector?

A contractor is an entity (e.g., business concern, individual) that enters into the contract with HUD to provide inspection services. The contractor is legally responsible for performing all work in accordance with the Purchase Order Terms and Conditions. A contractor may be an individual inspector or an organization of inspectors.

An inspector is defined as the individual, certified by PIH-REAC in the UPCS inspection protocol and who performs on-site property inspections.

Q8. I am a contractor in need of certified inspectors, where can I find them?

Each active inspector can opt to have their names posted on the PIH-REAC Inspector Administration website for public viewing. Please visit http://www.hud.gov/offices/reac/products/pass/inspectors_new.cfm for more information.

Q9. Where are the inspections located for each reverse auction?

The locations of property inspections vary per auction.

Q10. What are the requirements to become an eligible contractor for the Reverse Auction Program?

Contractors must provide the following information to PIH-REAC to participate in the RAP:

- Proof of Small Business Registration: DUNS number and TIN (Tax Identification Number);
- Proof of Level II MasterCard/merchant account: account number, point of contact name, phone number, and vendor e-mail address;
- Proof of current general liability insurance: company name and policy number; and
- Current M-ID or I-ID for accessing the HUD REAC’s Secure System.

If your ID is no longer active, please contact the TAC at 1 (888) 245-4860 for further assistance.

Contractors should access the recruitment posting at http://www.hud.gov/offices/reac/products/pass/PDFs/recruitment_posting.pdf. For more specific information about requirements, please visit the Reverse Auction Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q11. What is the deadline for submitting my proof of eligibility?

Contractors must submit proof of eligibility at least five (5) business days prior to the start of a contractor's first auction. Please send this information via email to REACReverseAuctionProgram@hud.gov.

Q12. How long will it take PIH-REAC to review and determine if I can participate in the RAP?

PIH-REAC will alert all interested contractors of their eligibility status within two (2) business days from the date of submission. Each eligible contractor will receive an email confirming participation status.

Q13. How do I report changes made to my email address, telephone number or other profile information?

Contractors must submit any changes to their profile via email to REACReverseAuctionProgram@hud.gov. This must occur at least five days prior to the start of an auction.

Q14. How do I become certified in the UPCS protocol?

Refer to the information posted on the PIH-REAC Physical Inspection Training website– at http://www.hud.gov/offices/reac/products/pass/pass_trng.cfm.

Q15. Where do I buy the required insurance?

In order to participate in the RAP, each contractor must maintain a minimum of \$500,000 general liability insurance. Insurance can be acquired by contacting any licensed insurance company, broker, or agent.

Q16. What is a W-9 form?

PIH-REAC requires each eligible contractor to submit a W-9 form. PIH-REAC must receive this form per email instructions in order to receive HUD account number (refer to Section VII). The W-9 form does the following: certifies that the TIN the contractor is providing is correct, confirms the contractor is not subject to backup withholding, or allows contractors to claim exemption from backup withholding if you are an exempt payee, when applicable. The W-9 form and detailed instructions can be found through the IRS website at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>. **NOTE:** Eligible contractors must provide a Social Security Number (SSN) on the W-9 form and not an Employee Identification Number (EIN). A HUD account number will not be issued to the contractor without a SSN.

II. Becoming a Small Business

Q1. How do I become a business so I can register as a small business and participate in the RAP as a contractor?

Detailed information about launching a business can be found at the official business link to the U.S. government, <http://www.business.gov/phases/launching/>. For the purposes of participating in the RAP as a contractor, the necessary steps include naming your business, choosing a form of ownership, and obtaining the necessary licenses and permits from your state and/or local municipalities.

Q2. How do I choose a form of ownership for my business?

Forms of ownership include, but are not limited to: partnerships, corporations, subchapter corporations, sole proprietorships, and limited liability companies. Specific information about forms of ownership can be found on http://www.business.gov/phases/launching/choose_structure/forms_ownership.html.

Q3. Can I participate in the RAP as a contractor if I am a sole proprietor?

Yes. Sole proprietors can participate in the RAP as long as they fulfill the requirements stated in Q11 - Section I. **NOTE:** All sole proprietorships must register for a DUNS number (refer to Section III).

Q4. How do I name my business?

For sole proprietors, many states require the individual to use their own name for the business name unless they formally file another name as a trade name, or fictitious name. If you are going to use a name other than your own for your business, contact the county recorder of deeds' office (or government equivalent) that your business will be operating in to get specific information and any necessary forms. Specific information about naming businesses can be found on http://www.business.gov/phases/launching/name_business/index.html.

Q5. How do I obtain the necessary licenses and permits for my business?

The necessary licenses and permits vary for each state and local municipality. Specific information about licenses and permits can be found on http://www.business.gov/phases/launching/licenses_permits/index.html. For information on how to obtain a business license in your state, go to <http://www.sba.gov/hotlist/license.html>. This web page provides a link to the relevant information for most of the 50 states and the District of Columbia.

III. Registering as a Small Business

Q1. How do I register as a small business?

To register as a small business, the business is required to have a DUNS number. Once the contractor obtains a DUNS number, they may proceed to register as a small business through the CCR. For more information or questions regarding Small Business Registration, please visit, <http://www.sba.gov/businessop/marketing/register.html> or www.ccr.gov, or call 1(888) 227-2423.

Q2. What is a DUNS number?

A DUNS number is required for a small business to register with the CCR. This number is the proprietary means of identifying business entities on a location-specific basis. For more information about the DUNS number, please consult <https://eupdate.dnb.com/requestoptions/government/ccrreg/>.

Q3. How do I request a DUNS number?

- Log in to www.ccr.gov
- Click on “Small Business” on the top of the screen
- Click on “Start New Registration” on the left of the screen
- A new window will appear with a “Note to Registrants”
- Click on “Click Here” (do not click on “Continue” – this will direct the applicant to the CCR login screen)
- The applicant will be directed to the D&B DUNS number registration site specifically for government contractors
- The applicant may choose to apply online for a DUNS number or to apply by telephone

Please refer to the Small Business Registration Fact Sheet – Attachment 1 in the Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q4. Is there a fee associated with receiving a DUNS number?

There is not a fee associated with receiving a DUNS number for those who are federal contractors, prospective government vendors and applicants, and recipients of federal grants. For more information please refer to the Small Business Registration Fact Sheet, (Attachment 1 in the Business Rules) at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

IV. Bidding in the Auction

Q1. Will there be an information or training session prior to the start of the auction?

A brief online tutorial is provided through <http://hud.globaleprocure.com/login/loginform.asp>. To access, the contractor should first login to the website, then click “Help” and then “Online Inspector Training.” In addition, eligible contractors will have the opportunity to participate in a “mock auction” prior to the start of each reverse auction. All eligible contractors will be notified of the mock auctions via email from the Global eProcure.

Q2. Where can I get specific details about a particular auction?

Global eProcure, the current web vendor will distribute detailed emails about upcoming reverse auctions to all eligible contractors prior to the auction start date. For dates of upcoming auctions and for general details about the Reverse Auction Program, please refer to the RAP website, the Business Rules, and the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q3. How do I get access to the auction website? Which ID do I use?

Prior to a reverse auction, Global eProcure will send an auction notification via email to all eligible contractors. This email will contain the contractor's user ID and password. In addition, it will contain the dates and times the auction will open and close, and how to access the inspection data to start bidding. If you have technical difficulty in regard to the auction website, please contact Global eProcure at 1(732) 382-6565.

Q4. How will I know when an auction will open and close?

All contractors who are eligible to participate in the RAP will receive email notifications about upcoming auctions via email. In addition, dates of upcoming auctions will be posted on the reverse auction website <http://www.hud.gov/offices/reac/products/prodpass.cfm>.

Q5. How long will each auction remain open for bidding?

Each auction will vary in length. This length will be determined by PIH-REAC and communicated to all eligible contractors prior to the start of an auction. PIH-REAC will post the dates and times of each upcoming auction on the website:

http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q6. What are the restrictions for bidding on inspections where I have conducted pre-inspection(s) or consulting work?

As stated in the Purchase Order Terms and Conditions: "An inspector may not inspect any property in which the contractor, inspector, or any business associates or immediate family members of the contractor or inspector has a financial interest in its ownership or management. In addition, an inspector may not inspect any property in which the contractor, inspector, or any business associates or immediate family members of the contractor or inspector has performed any other work of any nature under contract or purchase order from that property or owner. If an inspector has a conflict of interest and the contractor has no other inspector available to perform the inspection, PIH-REAC may terminate this contract and contract with another contractor for the inspection. It is the contractor's responsibility to refrain from bidding on inspection work in which the contractor or the performing inspector has a conflict of interest." Please refer to the Purchase Order Terms and Conditions at

http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q7. What do I do if I cannot login to the auction website or I forget my user ID or password?

Please contact the website vendor, Global eProcure, at 1(732) 382-6565.

Q8. Whom do I contact if I have technical questions about the auction website?

For answers to technical questions regarding the website, please contact the website vendor, Global eProcure, at 1(732) 382-6565.

Q9. How are the properties grouped or sorted during the auction?

The properties will be aggregated together in groups referred to as "lots". A lot can contain one or more property inspections. If a contractor elects to bid on a property inspection, the contractor must bid on every inspection in that lot. The contractor that places the lowest aggregate bid per lot, based on individual bids per inspection, will be awarded the lot.

Q10. In order to bid, do you have to be the person who actually conducts the inspection?

No. Contractors can appoint an employee to bid on behalf of their small business, even if they are not certified or able to conduct the physical inspection. The contractor must, however, have an active M or I ID. Upon award notification, the contractor who placed the bids can assign the inspection(s) to the certified inspector(s) with an active M ID.

Q11. How many contractors will be bidding at once?

The number of contractors will vary per auction. All eligible contractors will be invited to participate in each auction. As a result, there is no limit on how many contractors can bid per auction.

Q12. What is the maximum number of inspections I can bid on?

HUD does not monitor the number of inspections each contractor bids on. The contractor has the ability to set a limit on the desired number of workdays per auction. This utility is a safeguard, which helps contractors monitor their workload in order to complete all awarded inspections within the performance period.

Q13. Can I change the workload management settings after the auction has begun?

Yes, if all lots in the auction are still open for bidding.

Q14. What is the proxy utility?

The proxy utility enables a contractor to enter successive bids for property inspections, even when not logged in to the auction website. By utilizing the proxy utility, the contractor chooses an initial bid for an inspection and a minimum price that the contractor is not willing to bid below. Once an initial bid is entered, the proxy utility will place successive bids per inspection. **NOTE:** The proxy utility is not based on the total price per lot. The proxy operates on a per inspection basis. Therefore, each time a bid per inspection is lower than the contractor's initial manual bid the proxy will decrement the bid by \$5. This will continue as bids are placed until each bid per inspection reaches the contractor's minimum set price. By setting up the proxy utility, the contractor **is not guaranteed** to win the lot. Please refer to the Global eProcure's auction training manual for more detail at <http://hud.globaleprocure.com/login/loginform.asp>.

Q15. What happens if the inspection bids reach the floor price before the bidding is over?

If the bids reach the floor price before the auction has officially closed the winning contractor will be determined based on the time the bid was placed according to the web vendor software. The rest of the lots that have not reached the floor price will remain open.

Q16. Can I withdraw a bid after confirming it in the auction website?

Once a bid has been accepted by the system, the bidder may not withdraw the bid.

Q17. Can contractors request an auction extension past the closing time?

No, contractors cannot request a bidding extension. Only PIH-REAC reserves the right to extend the duration of an auction due to extenuating circumstances.

Q18. How do I know if I have won inspection work?

Once a reverse auction closes, the winning eligible contractor will be issued an award notification via email in the form of a purchase order. The purchase order serves as a legally binding contract between the contractor and HUD. The purchase order includes the list of awards and the directions to schedule awarded inspections. A response to the email notification is not required if the contractor accepts. For more information, please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q19. After I receive the award notification, can I renegotiate the bid price with PIH-REAC?

No. Once the reverse auction software has accepted the bid, the price cannot be renegotiated.

Q20. Can the contractor who wins the award delegate, sub-contract, or otherwise assign the actual on-site physical inspection work to another contractor who is UPCS certified?

Yes. The contractor must make all substitutions of assigned inspectors via Secure Systems' Scheduler. Inspections must be assigned to an active M ID in association with the contractor. The contractor should contact the TAC to notify PIH-REAC if substituting an inspector who was previously assigned to perform a scheduled inspection. Please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

V. Scheduling Inspection Work

Q1. How long will it take to receive the property information for the inspection work I have won?

The auction vendor, Global eProcure, will send an award notification email shortly after the close of the auction. At that time, the contractor can access the property information and, upon coordination with the property owner/agent or executive director (PO/A or ED), can schedule the inspection(s) in REAC's Secure Systems.

Q2. Is there a date when all inspections have to be completed?

Yes. Prior to the commencement of an auction, eligible contractors will be notified of the "period of performance" in a reverse auction email notification. In addition, the period of performance will be reiterated in the purchase order email.

Q3. How do I schedule an inspection?

When you finish scheduling the inspection with the PO/A or ED, complete the following steps:

1. Log in to "Scheduler" in REAC's Secure Systems at https://www11.hud.gov/HUD_Systems
2. Go to "Physical Assessment Subsystem (PASS)"
3. Click on "Schedule/View Inspections"

4. Select "Direct Pay Program" from the "Contractor" dropdown menu
5. Click on the "Inspection Scheduling" button
6. Click "View Awarded Auctions"
7. Insert "Inspector M-ID"
8. Select "Submit" and click on the "Property ID" link

Q4. What do I do if the information in the purchase order is incorrect?

If the information in the purchase order is incorrect, immediately contact the TAC at 1(888) 245-4860.

Q5. If I am unable to reach the PO/A or ED, can I schedule the inspection with the maintenance personnel or other staff?

No. All property inspections must be scheduled directly with the PO/A or ED or an appointed representative. Please refer to Physical Inspection Reverse Auction website at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm for detailed scheduling protocol.

Q6. What if I cannot reach the property representative with the information supplied by PIH-REAC?

The contractor must notify PIH-REAC immediately if the property representative cannot be reached via the information provided. Please contact the TAC immediately at 1(888) 245-4860.

Q7. What happens if I realize the inspection will take longer than estimated after arriving at the property?

The contractor shall notify PIH-REAC via the TAC (1(888) 245-4860) immediately of any significant discrepancy between the property profile data provided by PIH-REAC and the verified property data obtained from the POA/ED. A significant discrepancy includes material errors of fact (e.g., wrong property name or ID), or a variance in the number of buildings or units.

PIH-REAC will verify the discrepancy and notify the contractor whether to proceed or forfeit the inspection. If the contractor fails to accurately verify the property profile data and the inspector discovers a significant discrepancy after arriving at the property, the inspector will perform the inspection using the correct unit sample size for the contractor's original winning bid price.

Q8. What should I do if the property representative refuses to schedule the inspection?

If the contractor is having difficulty scheduling an inspection, contact the TAC via phone at 1(888) 245-4860. PIH-REAC will assist in scheduling the inspection.

Q9. The property representative has indicated that a property is uninspectable. How do I proceed?

If a property is no longer in HUD's inventory or if buildings/units have been rendered uninspectable please provide the following to PIH-REAC via email:

- Property name;
- Name of property representative;
- Telephone number; and

- Explanation as to why the property is uninspectable.

The contractor must record the property as Reported Uninspectable (RU) in the Scheduler component of Secure Systems. PIH-REAC will verify the status as uninspectable and will confirm it as Verified Uninspectable (VU) in Scheduler. If PIH-REAC does not verify the RU as valid, PIH-REAC considers the inspection to be Verified Inspectable (VI) and the contractor is still responsible for scheduling and conducting the inspection. Please refer to the Purchase Order Terms and Conditions at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

VI. Performing Property Inspections

Q1. If I encounter unforeseen expenses that cause my bid to be unprofitable, can I obtain compensation for this loss?

No. Contractors in the RAP must anticipate and include all expenses in their inspection bid(s) per property. Expenses of any kind will not be reimbursed.

Q2. Can contractors or inspectors re-schedule inspections at their discretion?

No. Changes and cancellations to inspection schedules should be rare and must be accepted by PIH-REAC. The contractor must provide a justification for any schedule change made within 72 hours of the inspection date and time by calling the TAC at 1-888-245-4860. PIH-REAC will notify the contractor if a schedule change or inspection cancellation is unacceptable. PIH-REAC reserves the right to cancel an inspection at any time.

Q3. If a contractor cannot complete inspections for all awarded lots during the period of performance, what happens?

HUD may determine that the contractor is no longer eligible to participate in the RAP by virtue of being non-responsible in accordance with FAR Subpart 9.1. Refer to Section 1.2 of the Business Rules for more detailed information at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q4. Who resolves disagreements between the inspectors, site managers and the REAC staff?

Please contact TAC immediately for guidance and assistance at 1(888) 245-4860.

Q5. What happens when an uploaded report is determined to have incomplete data?

If an uploaded report is determined to have incomplete data, the inspection will be placed “on hold.” PIH-REAC will contact the inspector to resolve problems and to request information. The inspector *must* provide an acceptable response within 72 hours, or the inspection report will be rejected. Please refer to the Purchase Order Terms and Conditions for more information at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q6. If an inspection is rejected, do I have the opportunity to request PIH-REAC to reconsider the decision?

Contractors are responsible for accessing Secure Systems to check the status of the review of submitted inspection results. If an inspection is rejected the contractor has 15 days to submit a rebuttal letter to PIH-REAC. Inspector Administration, a division of REAC/PASS, will review the inspector’s rebuttal and will respond in writing. Rejected inspection work is not subject to payment.

VII. Payment Process

Q1. How do I get paid?

Each contractor is required to establish a MasterCard vendor account. PIH-REAC will provide a HUD account number to the contractor, which is required for payment. The contractor is responsible for entering this account number and authorization code (which is accessible through Secure Systems) into the credit card processing website to initiate the electronic payment process. Payment will then be made electronically, directly to the contractor's account. For more information, please refer to the Business Rules at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q2. How soon after I complete and upload the report do I get paid?

The period of payment depends on a number of factors including inspection report upload, analysis and approval. The contractor is responsible for continually checking Secure Systems to see the status of submitted inspection data. Once the inspection is accepted, contractors may claim payment with the vendor account.

Q3. What is a MasterCard Level II vendor account?

A MasterCard Vendor Account is an electronic payment system, commonly referred to as a "merchant account." Refer to Attachment 2 of the Business Rules for more details at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q4. How do I set up a MasterCard vendor account?

A contractor can establish an account through any merchant account provider or through a MasterCard company. Please refer to the MasterCard Vendor Account Fact Sheet, Attachment 2, for more information at http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm.

Q5. How can a contractor receive compensation for inspection work if they do not have a MasterCard vendor account?

A contractor is not eligible to participate in the RAP without a Master Card vendor account.